## STATEMENT OF CHAIRMAN DANIEL K. AKAKA

The National Security Personnel System and Performance Management in the Federal Government

## Hearing

Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Senate Committee on Homeland Security and Governmental Affairs

Good afternoon and welcome. Today's hearing will examine the repeal of the National Security Personnel System (NSPS) and performance management in the Federal government.

The Fiscal Year 2010 National Defense Authorization Act (NDAA) repealed the NSPS at the Department of Defense (DoD), our nation's largest Federal agency.

Since its inception, NSPS has been plagued by employee distrust and a lack of transparency. As one of three Senators to vote against NSPS in 2003, I was pleased that this system was repealed. Federal employees, especially those charged with defending our nation, are entitled to a personnel system that is both fair and transparent.

As a result of the repeal, approximately 226,000 DoD employees must be converted out of NSPS by January 1, 2012. Most of these employees will transition back to the General Schedule (GS) System. The NDAA also requires that no DoD employee suffer any loss of pay as a result of this transition process.

Although DoD has until 2012 to complete this transition, DoD estimates that the large majority of employees will be removed from NSPS by the end of 2010. As of today, more than 50,000 DoD employees already have been transitioned out of NSPS. DoD should be applauded for establishing an NSPS Transition Office, and starting the transition quickly. However, I am concerned with certain issues related to the transition.

For instance, DoD has reported that it plans to place a large number of employees who received large raises under NSPS on pay retention. As a result, these employees will receive half of the annual pay increase until the GS catches up with their pay. I understand that there is significant concern about this issue, especially from employees approaching retirement, and I look forward to hearing from our witnesses on it.

In addition to repealing NSPS, the NDAA provided DoD – in coordination with the Office of Personnel Management (OPM) - with authority to create a new performance management system for DoD employees. OPM has also indicated that it may seek to implement a new, government-wide performance management system.

I am pleased that DoD is required to involve employees and labor organizations in the design and implementation of this system. I am also pleased the law requires that the new system to be fair, credible, and transparent; both supervisors and employees be trained on the system, and that

supervisors receive additional training on performance management and motivating employees; that employees receive formal and on-the-job training and mentoring to help their performance; and that other transparency and accountability safeguards be built into the system.

I believe that NSPS was ultimately unsuccessful because DoD did not adequately seek employee input or share information with stakeholders. The success of any large-scale, agency-wide change depends largely on acceptance and understanding by employees and supervisors. We must all keep this in mind as we consider significant performance management changes for both DoD and throughout the Federal government.

I look forward to hearing from DoD on its plans to move forward, as well as other witnesses' input on how performance management systems at DoD and government-wide should be structured.